

Committee on Resources

Witness Statement

Congressman Vito J. Fossella
Testimony - Committee on Resources
"Compromising Our National Security by Restricting Domestic
Exploration & Development of Our Oil and Gas Resources"
April 12, 2000

Mr. Chairman, Members of the Committee, I would like to thank you for the opportunity to testify today about an issue that greatly impacts America's long-term national and economic security. The recent spike in oil and gasoline prices has shined a bright light on a problem that has been brewing for many years and that, if left unaddressed, has the potential to threaten not just our economic well-being, but our safety and security as a nation and a people.

At the heart of the problem lies a simple and unambiguous fact: The present Administration lacks an adequate understanding of our nation's energy needs, as well as a plan or strategy to allow the marketplace to meet the demands of the American people. In other words, our federal government is too often the problem, and in fact not the solution. High taxes and regulatory burdens inhibit the private sector from meeting demands of the American people and stifle domestic production.

Despite statements by the President dating back six years that America's growing reliance on foreign oil could make the United States vulnerable to the whims of potentially unstable and unfriendly nations, the Energy Department has failed to articulate a clear, concise and coherent policy. Rather than taking the needed steps to encourage domestic production, the Administration has stood by silently as demand for foreign oil has surged dramatically, from 51% in 1994 to 57% today, a jump of 6 percent. In fact, since 1992, domestic crude oil production is down 17% while our consumption has increased 15% - this is simply not acceptable.

Our growing reliance on foreign oil has once again garnered much attention this past winter when unusually harsh weather and OPEC production cuts pushed the price of home heating oil past \$2 a gallon. We expected Economics 101 and the laws of supply and demand to come into effect, but this did not happen. I first called attention to the rise in oil prices during the early days of winter, hoping the Clinton Administration would act quickly before the situation spiraled out of control. In the short term, I urged the Administration to pressure OPEC to end its production cutbacks. For nearly year, these cutbacks have decreased the supply of oil on the world markets by more than 4 million barrels per day. Frustrated by the lack of action, I requested a Congressional hearing in the Energy and Power Subcommittee to explore the matter more deeply and to underscore the rising costs to America's economy.

During the hearings, I was left speechless when officials of the Energy Department conceded, "It's obvious that the federal government was not prepared. We were caught napping. We got complacent." This is simply unacceptable, but not surprising coming from the same Agency and Administration which over the past 7 years had not developed an energy strategy that realistically meets America's needs.

OPEC is a cartel - and over the past year, we have clearly seen what this cartel has the ability to do - their ability to influence our economy, our politics, our markets - our everyday life. This winter we saw ballooning heating oil prices - as residents of the Northeast were forced to pay exorbitant heating oil bills and some in fact had trouble even getting oil to heat their homes and businesses. As winter turned to spring and the shortage of oil increased gas pump prices to nearly \$2 a gallon. Americans were once again forced to dig deep in their pockets. But we have not seen these effects in our heating and gasoline bills - shipping companies, taxis, airport shuttles, airlines and trucking companies all were forced to tack on fuel surcharges to the services they provide to Americans - once again the consumer paid the price.

Last month, when OPEC convened to discuss raising production levels, I, along with Energy and Power Chairman Joe Barton sought to arrange a Congressional delegation to attend the meetings and bring added pressure on the cartel. I believed the United States had to show a united front to spur OPEC to action. The Administration short-circuited the trip, but not before we reminded OPEC's oil ministers that, less than a decade ago, the United States brought peace and stability to the region when Iraq invaded neighboring countries. We reminded them that American lives were lost to defend the sovereignty and freedom of their nations, and that the time for diplomacy and more meetings had long since passed. The pressure spurred OPEC to increase production, which should bring some relief to the gas pumps over the next few months.

Mr. Chairman, I sit on the Energy and Power Subcommittee of the House Commerce Committee - along with Mr. Largent who is also testifying here today. And I'd like to let the Committee know that Chairman Barton plans on having a series of hearings examining our nation's energy needs and how to best address them - taking a close look at what we can do to ease our foreign dependence, to ease the regulatory and tax burdens in the energy industry and to encourage an increase in reliance on domestic energy sources. We now have an opportunity to take a long term approach to this issue - let's do it.

What our country has experienced this year only strengthens my belief that America needs to develop a long-term strategy that reduces our reliance on foreign oil. Never again should the United States be forced to wait on bended knee for the assistance of other nations when our economic and national security are at stake.

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